

# Washington Citizens' Commission on Salaries for Elected Officials

## Official Position Description Form for Executive Branch Positions

Name: Michael J. Murphy

Position Title: State Treasurer

Date: December 29, 2006

### 1. Position Objective

Briefly describe the overall purpose of this position and what is intended to be accomplished through your effort(s). This section should be broadly focused and summarized in two to four sentences.

The purpose of the Office of the State Treasurer is to serve as the state's bank: managing funds on behalf of the state, paying state employees, vendors and retirees and balancing the state's books to the penny every day; leveraging the state's buying power through prudent management of the state's debt; and maximizing earnings through careful investment.

### 2. Financial Dimensions

- a. Number of employees in your organization: 70
- b. Your annual budget\*: \$14.2 million biennial budget
- c. Other annualized dollar amounts your job controls or influences:

State cash flow	\$287.8 billion FY 2006
State debt	\$10.884 billion (as of October 31, 2006)
Treasury/Trust investments	\$10.5 billion (as of December 31, 2006)

\*Direct control budget – salaries, benefits, etc., of organization staff plus other items under direct control.

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#### 3. Principal Responsibilities

List in a series of brief factual statements\*, starting with the most important, the accountabilities of your position. Each statement should be a complete sentence describing a single basic end result your job is expected to accomplish. Typically, eight to ten responsibilities are listed, but there is no limit.

**Treasury/Trust Investments:** The Investment Division invests the state's operating and capital cash reserves for maximum return under defined risk parameters. The portfolios, including the Local Government Investment Pool (LGIP), earned \$347 million in fiscal year 2006. As of December 31, 2006, these portfolios totaled more than \$10.5 billion.

**Cash Management:** OST managed a cash flow of nearly \$287.8 billion in FY 2006, and more than 3.8 million electronic transfers totaling \$36.6 billion were processed.

**State Investment Board:** The State Treasurer is an ex officio member of the board and one of 10 voting members. The SIB is responsible for managing 34 funds worth nearly \$72.9 billion in four classes: retirement, insurance, permanent, and other trust funds.

**Revenue Distribution:** Distributes and tracks state and federal revenues to cities, towns, counties, public transportation districts, universities, community colleges, water districts and fire districts. In fiscal year 2006, distributions totaled \$9.4 billion.

**Debt Management:** The State Treasurer chairs the State Finance Committee of which the Governor and Lt. Governor are members. The Treasurer provides financing recommendations and operational services to the State Finance Committee, which is responsible for the authorization and issuance of all state debt.

**Lease/Purchase Program and Local Option Capital Asset Lending Program (LOCAL):** Administers lease/purchase program for state agency purchases of major equipment, land and construction projects. Outstanding lease/purchase projects totaled \$654.4 million as of December 31, 2006. The LOCAL program has provided 435 lease/purchase financings for 288 local governments for either real estate or equipment totaling nearly \$102 million through December 31, 2006.

#### **School Bond Guarantee Program**

Administers the state program to guarantee payment on school district general obligation debt, backed by the full faith and credit of the state. The program guarantees full and timely payment of voter-approved school district bonds thereby providing savings on bond insurance to the participating school districts. As of December 31, 2006, 180 school districts had issued bonds totaling over \$7 billion through the school bond guarantee program.

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**Accounting:** Manages the daily cash records for more than 400 Treasury and Treasury Trust funds, and provides for the interface of this data to the statewide accounting system.

Maintains accounting records for investment, revenue distribution, debt management and lease/purchase activities.

**Warrant Management:** Processes and keeps records of warrants which bear the signature of the State Treasurer. In fiscal year 2006, more than 3.4 million warrants totaling \$7.5 billion were processed.

**Public Deposit Protection:** The State Treasurer chairs the Public Deposit Protection Commission of which the Governor and Lt. Governor are members. The Commission provides for the security and safety of public funds on deposit in qualified public depositories such as banks and thrifts.

**Contracts:** As the financial and banking service center for state government, the State Treasurer is responsible for a number of extremely complex contracts and agreements involving billions of dollars. These include contracts for the following:

- Banking services – Treasury / Trust Accounts
- Banking services – Local Government Investment Pool
- Financial advisor services
- Fiscal agency
- Master custody
- Lockbox and automated remittance services
- Master depository and banking services
- Master financing
- Securities lending services
- Merchant bankcard services

**State Housing Finance Commission:** Serves as secretary to the Housing Finance Commission which issues bonds and tax credits to provide financing for low- and moderate-income housing.

**The Guaranteed Education Tuition Program:** The Treasurer is one of five members of the oversight committee that operates the Guaranteed Education Tuition (GET) program.

\*Note: Accountabilities are duty statements written in terms of end results expected and degree of answerability for consequences of results.

#### 4. Knowledge and Skills

This section should include a brief statement(s) indicating the knowledge and skills required of the position to perform the full scope of job responsibilities.

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- a. **Education:** There is no requirement in law for a particular educational level for a state treasurer; expertise in finance, accounting or business administration would be highly desirable. The current state treasurer has a Master's of Business Administration from Pacific Lutheran University.
- b. **Experience, including management experience:** Experience in finance, particularly public finance, is an asset for a state treasurer. The current state treasurer has 34 years of experience in public finance, including 15 years as a staffer in the Office of the State Treasurer; 10 years as Thurston County Treasurer; and 10 years as State Treasurer.
- c. **Specialized (job content) knowledge and skills:** In addition to knowledge of banking, debt management and investments, a state treasurer must be knowledgeable about the state Legislature and its interaction with the executive branch; about the authorizing environment by which capital appropriations and debt authorizations are made; and about the ways local governments interact with the state. For the office to function optimally, the treasurer must have executive-level management skills as well as a solid background in public finance and prudent fiscal management. As an elected official accountable to the people of the state of Washington, the treasurer must also demonstrate high integrity and a strong professional commitment to public service.

#### 5. Nature and Scope

This section should include a short and descriptive narrative that addresses the following requirements in the position:

- a. Organization (an agency overview organizational chart, on one page please):

#### **Organization chart attached in hard copy.**

Size and role of this position and its importance to the state's mission and reputation. Diversity of job scope/responsibilities.

On any given day, as many as 15 or 20 topics might come across the Treasurer's desk. A broad range of influences, issues and interest groups arise from the many responsibility areas under the Treasurer's authority, including debt management, investments, accounting, banking, computers and electronic technology, legal affairs, legislative relations, media relations, constituent relations and personnel management. The Treasurer chairs or sits on major statewide committees and can on any given day be expected to perform formal or informal ceremonial roles required by the office. The Treasurer takes a direct role in overseeing the performance of the consulting professionals hired to advise or serve the office, which means significant travel to and from face-to-face meetings in and out of the state.

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While the Treasurer delegates the lead role on most of the above subjects to professionals on his staff, he is expected to have a thorough knowledge of the issues facing his office at all times. He has final say on every primary policy decision made by the Office of the State Treasurer.

b. Management environment.

Key challenges, sensitivities, risks, etc., inherent in the position and political environment.

Any unique requirements associated with the performance of job responsibilities.

Key interfaces.

The State Treasurer understands that good decision-making and day-to-day professional competence are rarely recognized, but bad decisions and poor performance will always be noticed. The best example is the Treasurer's debt-management responsibility. In this political and economic environment, there are competing ideas – the Legislature, the executive branch, the private banking sector and the public – as to how to carry out debt policy. The Treasurer's decisions are guided only by state law and the duties assigned to him by the law. Those decisions are not always popular with everyone. Actions by any of these interest groups that might affect the state's economic health could in turn jeopardize the state's good credit through its bond rating. Any downgrade in the state's credit costs the state tens of millions of dollars a year. The state today continues to enjoy an excellent bond rating, as judged by three major rating agencies. The Treasurer must pay close attention to the economic marketplace, monitor and respond to legislative developments and trends, and maintain his independence from other statewide executive offices, no matter how the political winds blow.

#### Key interfaces

- a) Local government (counties, cities, special districts)
- b) The governor and the Office of Financial Management
- c) Financial advisers
- d) Bond attorneys

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- e) Treasurer's ad hoc advisory committees
- f) Bankers, brokers, dealers and underwriters
- g) Legislators and legislative staff
- h) Separately elected state-wide officials
- i) State agency directors

c. Problem solving/decision making requirements.

This section should contain a brief statement(s) indicating the thinking required by the job for analyzing, evaluating, creating, reasoning, arriving at and making conclusion. Problem solving has two dimensions:

1. The thinking environment considers the degree of freedom to think and type of information that is processed in order to solve problems. Consideration is given to the scope and impact of policies, procedures, precedents, available standards/ practices, and outcomes of decisions.
2. The thinking challenge considers the type (level and complexity) of thinking the job requires to make decisions in various job situations. Describe what situations/ circumstances place the greatest mental demands on this position.

Problem solving measures the intensity of the mental process which employs know-how to (1) identify; (2) define; and (3) resolve a problem.

The job of state treasurer requires a broad and sophisticated understanding of the challenges and influences on the issues that might come before him in a given day or over the course of a year or years. He cannot be expected to have all the answers all the time, but he should be expected to know what tools he has at his disposal to solve problems. These tools include trusted staff members, contracted financial advisers and legal counsel, legislative staff and resources, and his own professional judgment and experience.

The part of the job that places the greatest mental demand on the treasurer is staying current or ahead of the curve in the constantly evolving finance and legislative environment to ensure the best professional practices are brought to bear on all the duties and services of the office. These must be performed in a way that is most cost-effective for taxpayers and efficient and effective for all the many entities with which the treasurer's office has a working relationship.

The treasurer's mental resources are called upon not only to respond to developments in the finance industry, but to be ahead of the game with business initiatives and innovations. He must ensure that treasury systems are designed so the state's business can continue in the event of a disaster or emergency.

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d. Accountability.

This section should contain a brief statement(s) indicating the answerability for an action and its consequences. It is the measured effect of the job on end results. It has two dimensions:

1. Freedom to Act – considers the degree of controls and limitation placed on the job's authority that are set by policies, procedures, precedents, and standard practices.
2. Job Impact – considers the type and degree of influence the job contributes to the end result:  
Primary Controlling impact on end results, where shared accountability or others is subordinate.  
Shared Participating equally with others (except own subordinates and superiors), within or outside organizational unit, in taking action.

The functions of the Office of the State Treasurer might be little-known to the general public, but if the office were unable to perform its functions the consequences would be widespread. The effective performance of state government depends on an uninterrupted flow of money in many directions in and out of the treasury. If the state's bills weren't paid, for instance, services would be interrupted and supplies would run short. If revenues weren't invested, critical money would be lost.

e. Planning (Technical and Strategic).

Focus on the requirement for and impact of planning on the state's mission and success of the agency.

Effective planning is critical to be able to anticipate potential developments in markets and the finance industry and respond effectively. The best example is the state's debt-management program. Through careful planning in coordination with the Legislature and other state agencies, treasury personnel schedule the sale of bonds to ensure cash is available for capital projects when needed. For another example, the office has systems in place to analyze the current interest-rate environment so that long-term bonds bought at a higher interest rate many years ago can be refunded (refinanced) at today's lower interest rates, saving taxpayers millions of dollars. Careful planning identifies bonds that might be candidates for refinancing, and a formula is applied to determine if refinancing old bonds will be cost-effective or not.

6. Recent Change(s) in this Position

What significant changes have occurred in the job since its last review in 2003? Use the format outline to organize your comments.

Please see the letter to Mr. Cary Randow dated December 4, 2006. A copy of this correspondence was provided to the Salary Commission.

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7. General Comments

Please discuss anything else that may contribute to the understanding of your job responsibilities.

Signature: \_\_\_\_\_ Date: December 29, 2006

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Washington\_\_\_\_\_

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